

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Mines & Minerals – Introduction of Slab System for Payment of Seigniorage fee by the Stone Cutting and Polishing Industry and Napa Slab Units in the State to avoid leakage of Mineral revenue and also to facilitate simple procedures in realization of revenues for a period of 2 years on experimental basis – continue the Slab System with conditions – Orders – Issued

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INDUSTRIES AND COMMERCE (MINES.I) DEPARTMENT

G.O. Ms. No. 134

Date 01.10.2012.  
Read the following:

1. G.O. Ms. No.82, Ind. & Comm (M.I) Deptt., dated.01.03.2009.
2. G.O. Ms. No.104, Ind & Comm (M.I) Deptt., dated 15.05.2009.
3. G.O. Ms. No.102, Ind & Comm. (M.I) Deptt., dated 28.09.2010.
4. From the Director of Mines & Geology, Ir. No.45446/MR/09, dated 08.03.2011.
5. Govt. memo. No.5793/M.I(1)/2011, dated 07.05.2011.
6. From Sri Balaji Granite Industries Association representation dated 06.04.2011.
7. From A.P. Small Scale Granite Industries Association, Hyderabad representation dated 01.06.2011.
8. From A.P. Small Scale Granite Industries Association representation dated 23.05.2012.
9. From the Chittoor District Granite Industries Association representation dated 13.07.2011.
10. Note from M (M&G), dated 09.05.2012
- 11.. Note from M(M&G) dated 22.05.2012.
12. From the Director Mines & Geology, Hyderabad letter no.45446/MR/2007, dated 06.08.2012.
13. G.O.Rt. No. 664, I&C (MI) Dept, dated 21.09.2012.

**ORDER:**

In the G.O. 1<sup>st</sup> read above, Government introduced the Slab System for collection of Seigniorage fee directly from the Stone Cutting & Polishing Unit Holders and Napa Slab Unit Holders in the State for a period of (2) years on experimental basis to avoid leakage of mineral revenue and also to facilitate simple procedures in realization of revenues which is industrial friendly. Basing on impact on the revenue, the Government shall review and pass appropriate orders whether to continue the system or to switch over to the old system.

2. In the G.O. 2<sup>nd</sup> read above, amendments were issued to the rule 10 of APMMC Rules, 1966 duly incorporating the provisions for collection of Seigniorage fee under Slab System under rule 10(5)(i),(ii) & (iii).

3. In the G.O. 3<sup>rd</sup> read above, Government have issued amendments to the Rules by reviewing the levy of 1 to 2 times penalty which is part of the slab system and reverted to old system of levying penalty on illegal mining / transportation of minerals from 'one time' to 'five times', 'two times' to 'ten times' to plug & curb the illicit mining and transportation of minerals.

4. In the representations from 6<sup>th</sup> to 9<sup>th</sup> read above, the A.P. Small Scale Granite Industries Association and other Associations have requested the Government to continue slab system issued in the G.O. 1<sup>st</sup> read above and adjust the Dead-Rent paid by the Quarry lease holders in the permits issued by the Granite Processing Unit. They have also requested not to collect the Seigniorage fee from the sick units and reduce the Seigniorage fee proportionately on power cut periods. They have further stated that under permit system, the Industry was subjected to harassment by the officials of various departments thereby giving scope for malpractices in the process of collection of Seigniorage charges under 'permit system' and preferred slab system to old system. However, there seems to be divergent views among the partners of Industry. Few districts are opting for slab system having concentration of the Industry

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and others are in favour of permits depending on the sizes / machinery used in cutting & polishing units including export material involved. As such, there exists need to rationalize the levy of statutory fee to protect the existence of the Industry and streamline the collection of Seigniorage fee from these unit holders i.e Mineral Revenue collections.

5. In the letter 12<sup>th</sup> read above, the DM&G while quoting the interim orders of the Hon'ble High Court in various Writ Petitions, has requested the Government to issue necessary orders for extending the slab system. In the proposals submitted by the DM &G earlier for introduction of slab system for payment of Seigniorage fee by the cutting & polishing units in the State he has recommended for switching over to the collection of fee at the processing point instead of at quarry / site and anticipated increase in Mineral Revenue Collections at the rate of 35% in respect of Granite and 40% on Napa slabs and expected an ensured 50% overall increase in Seigniorage collection on Granite. He however, failed to analyze and arrive at the reasons, now, as to the reported reduction in collection of revenue and remedial steps taken to augment revenues. Ever since the slab system was introduced on an experimental basis for (2) years, the revenue collection was adversely affected due to legal hurdles.

6. To this end, the DM &G has also stated that after introduction of implementation of slab system in March, 2009, certain owners of the Association have filed as many as 117 WPs were filed against the G.O.Ms. No. 104, I&C (MI) Dept, dated 15.08.2009 challenging the amendments to existing rules the ground that the business of cutting and polishing units and transportation of slabs and tiles, which are finalized products, do not attract the provisions of payment of Seigniorage fee under MMDR Act, 1957, APMMC Rules, 1966 and Mineral Development Rules, 2000 pending final disposal of these (117) WPs the Hon'ble High Court of AP issued interim orders as under :-

"The Respondents are directed not to insist upon payment of Seigniorage fee of Rs. 14,000/- and Rs. 2,500/- on slice cutter per month per blade on block cutter from the petitioner Industry so long as one is not the lessee of any quarries"

7. The Director of Mines & Geology has further informed the Hon'ble High Court of AP in WP No. 2871/2002, dated 31.10.2008 held that the processed mineral and final product shall not be treated as 'Mineral' and its ultra-virus. Further, the rule making power of the State Government is accordingly struck down. He has further informed that, the Hon'ble High Court of AP issued interim directions in specific cases but did not comment on the Rule 10 (5), (i), (ii) & (iii) of APMMC Rules, 1966. Thus since two years period of introducing slab system has lapsed, the question of continuing the slab system/allowing the permit system, which was followed earlier, reminded awaiting a decision administratively to overcome the existing statement in Mineral Revenue collections.
8. The Pros and Cons of the issue were weighed in consultation with the Law Department. After considering various aspects, it is proposed to continue the permit system and the slab system to co-exist, however, subject to the outcome of the final orders of the Hon'ble High Court of AP in the pending WPs. There is no provision in the existing rules prohibiting such a course in the best interests of collection of Mineral Revenues. This step is proposed without changing the existing practice while continuing to raise demand without insisting on payment of enhanced Seigniorage fee charges as the collection of revenue is held-up, with an option to the petitioners to exercise their willingness to be covered under the permit system or slab system subject to final judgment of the Hon'ble High Court in the pending WPs. The Govt. Pleader concerned was accordingly addressed in the matter.

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9. Government after careful examination of the matter hereby decided to continue the permit and slab system to **co- exist** subject to final judgment of Hon'ble High Court of AP in the pending WPs in the interest of streamlining the system of Mineral Revenue collections by stipulating the following terms and conditions :-

- a) To give option to the petitioners to exercise their willingness to be covered either under permit system or slab system by furnishing a notarized affidavit to this effect by the unit holder/petitioners ;
- b) To withdraw all such concessions or relaxations extended during the 1<sup>st</sup> and 2<sup>nd</sup> year implementation of the slab system on experimental basis in terms of 40% and 20% respectively in respect of waiver of Seigniorage fee levied for slab system.
- c) To continue to raise demand without insisting on payment of enhance seigniorage charges and without changing the existing instructions with an option to the petitioners to exercise their willingness to be covered either under permit slab system as per the volition ;
- d) To achieve the target of revenue collections at the rate of increase of 35% in respect of Granite and 40% on Napa Slabs with an ensured 50% of overall revenue increase as anticipated by the DM&G at the time of sending proposals to switchover to slab system;
- e) To adjust Dead Rent towards the amount paid under slab system after examining the technical and economic implications in due consultations with all the stake holders including the demand of the Association of Writ holders for reduction of royalties in the process of revision of seigniorage fee as is due now (from August, 2012) involving in the expert committee already constituted vide G.O 13<sup>th</sup> read above for the purpose.

10. The Director of Mines & Geology, Hyderabad shall take further necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**D. SREENIVASULU,**  
PRINCIPAL SECRETARY TO GOVERNMENT

To  
The Director of Mines & Geology,  
A.P. Hyderabad.  
Copy to:  
The VC & MD, APMDC Ltd., Hyderabad.  
The all District Collectors.  
The A.G. A.P. Hyderabad.  
The P.A.O. Hyderabad.  
The all D.T.Os.  
The A.P. Small Scale Granite Industries Association, Hyderabad.  
SF/SC.(C. No. 5793/M.I(2)/2011)

//FORWARDED BY ORDER//

SECTION OFFICER